



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, October 21, 2014

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
APPROVED MINUTES**

PRESENT: David Scholefield, Chairperson
Tom Enders, Vice-Chairperson
Ace Bailey
Camille Hill
Ren Hirose
Robert McCreary

ABSENT: Carl Grupp

STAFF: Steve Geiogamah
Holli Shannon
Paul Katsenes
Jeff Nichols
Lee Guillory
Paul Basha

GUESTS: Rachel Sacco, SCVB
Rachel Pearson, SCVB
Caroline Stockel, SCVB
Bruce Hernandez, Behavior Research

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m.

2. Approval of Minutes

- September 16, 2014 Regular Meeting

This item was tabled until the November 18, 2014 meeting.

3. Manager Reports

a. Staff Bed-Tax Collection Report

Mr. Geiogamah reported that the bed tax collections are up 9% year to date. The hotel/motel sector is up 4%, while retail and restaurant are trending up 6% and 8% respectively. Limited service is up 13%, and the resort sector is up 6.2% year to date.

b. Bed Tax Proforma

Mr. Geiogamah said a one-time commitment for \$151,000 in funds was allocated to the Arizona Council for International Visitors contract to be spread over two years. Staff will present more information on this specific charge and how it affects the bed tax at the November meeting. The organization has brought about 600 international visitors. Lee Guillory clarified that it was City Council's decision to utilize tourism dollars after the item was presented to them. This is why the issue was not presented to the TDC first.

Chairperson Scholefield requested an update on expenditures for the Fiesta Bowl. Mr. Geiogamah said the hospitality promotional agreement between the SCVB and the Fiesta Bowl is in the eighth year of a 20-year agreement. Chairperson Scholefield asked whether the tourism research line item for \$33,000 would be enough to cover additional potential research on the Day Tripper. Mr. Geiogamah explained that it would. Commissioner Hill requested breaking out marketing for the Day Tripper as a separate line item.

Lee Guillory noted two changes to the carryover section of the proforma. The MPC debt service reserves for the Museum of the West and the TPC were removed as they will no longer be used for the carryover balance. On October 7, City Council approved \$1.15 million of the carryover balance towards the TNEC construction, and that has been added to the proforma.

c. Smith Travel Report

Mr. Geiogamah requested comments from the Commissioners regarding trends for the upcoming year. Commissioner Hirose predicted that October should be a very good month. Chairperson Scholefield noted that the ADR rose from 112 in August 2013 to 125 in August 2014, which is a healthy sign for the industry.

d. Program Updates

Mr. Geiogamah stated that the group meeting evaluation process is continuing. PLACES Consulting is providing information, and the Event Working Group will convene to address the matter. An update will be provided to the TDC at the next meeting. Staff is contemplating bringing in a group of event producers from around the nation to

discuss ideas and strategies for attracting large events to Scottsdale. A joint meeting between the TDC and the McDowell Sonoran Preserve Commission is scheduled for November 3.

Chairperson Scholefield requested that the Event Working Group discuss whether to establish criteria prioritizing off-season events in relation to venue fees. Commissioner Hirose proposed adding an explanation to the description column of the summary review to explain why recommended funding amounts differed from the requested amounts.

4. Findings and Implications of the 2014 Leisure Visitor Inquiry Study

Bruce Hernandez, Senior Vice President of the Behavior Research Center, said his company conducts a survey each summer of people who have made inquiries to the SCVB about visiting Scottsdale. This year's survey included about 660 interviews. The conversion rate is currently 80%, which is still strong, but represents a downward trend from previous years. It was in the 60% range during the mid 2000s.

Mr. Hernandez said the demographics have not changed significantly. Inquirers are 60% female and 40% male. Average age has increased from 55 to 59, but the number of inquirers under 35 has remained stable. Chairperson Scholefield questioned whether the millennial generation was getting their information from a source other than the SCVB. Mr. Hernandez explained that the survey only reaches people who made the inquiry and it would likely take a separate study to answer that. Mr. Geiogamah added that prior year surveys used to track this topic, upcoming surveys will address this question. Commissioner Hirose suggested breaking down the data by generation could reveal important trends.

Mr. Hernandez said the income demographic has remained stable. On average visitors to Scottsdale make twice the median income. The West and the Midwest are typically the regions where most visitors come from, followed by the Northeast. Average length of stay is about 5.5 days, which is slightly shorter than a couple of years ago. Party size has remained consistent at 2.8 people. Resort stays constitute about 65% of the business, which is the highest it has been since 2007. Time shares have consistently dropped. Spending has consistently been in the range of \$350 to \$400 per day. The most popular activities remain dining and shopping. Interest in Western cultures has dropped from 47% to about 38%.

Mr. Hernandez reviewed how visitors rate Scottsdale as a vacation destination. About 94% rate it excellent or good, and poor ratings are virtually nonexistent. Thirteen percent of younger respondents rated Scottsdale poorly, however. Eighty percent of people who provided an opinion on Scottsdale's transportation rated it positively. Signage in downtown rated highly.

Commissioner Enders proposed adding a net promoter score to track the percentage of visitors who would recommend Scottsdale to a friend or family member. Chairperson Scholefield noted that the results are fairly consistent from year to year and suggested every third or fourth year be spent focusing on different areas to increase the breadth of the information gathered. Mr. Hernandez responded that some of the same information has to be gathered each year, but that new questions could be cycled in occasionally.

5. SCVB First Quarter Performance Measures Report

Rachel Sacco, President/CEO of the Scottsdale CVB, reported that the first quarter is on target with performance measures. Marketing has already been able to garner about \$37.3 million in projected economic impact. Communications has garnered 304 articles about Scottsdale. Convention Sales has booked over \$28.3 million in confirmed business for Scottsdale area resorts and hotels. The SCVB has met with 1,027 tour operators and travel agents. Thirteen Scottsdale golf courses provide individual data to measure the state of golf locally.

Ms. Sacco reviewed some of the future programs planned before the end of the second quarter. The holiday campaign has a robust set of offerings designed to encourage people to come to Scottsdale. The Explore the American Southwest, and the Canadian Meeting familiarization trips are coming to Scottsdale. Travel Classics West is an opportunity to meet with travel editors from around the world who are visiting Scottsdale.

6. Annual Planning December Work Study Session

Steve Geiogamah presented a draft agenda for a proposed annual work study session on December 16 at SkySong. Commissioner Hirose suggested an agenda item to discuss ways to encourage event planners to create big events in Scottsdale. Commissioner Bailey noted that the Tourism Advisory Task Force has already been charged with that goal, and it would be important to stay involved in that effort. Mr. Geiogamah said he would invite the Task Force to send a representative to the work session. Commissioner Enders expressed his preference for a moderator from the staff because they already understand city processes and could expedite a full agenda.

7. Day Tripper Trolley Update

Paul Basha, Transportation Director, said the City Council recently approved the Day Tripper service for three months next season. Included in the recommendation was \$270,000 for operations and \$30,000 for additional marketing. City Council also decided to explore the possibility of extending the Day Tripper route from its terminus in downtown Scottsdale to the Tempe light rail station at Rural Road and University Drive, without any stops. This would add five miles to the route.

Mr. Basha said the City is also exploring privately owned and operated service. A request for proposals will be issued for the 2014/15 service. Responses are expected by early November. There are three primary considerations regarding private operators. The cost must stay beneath \$270,000. Vehicle appearance must meet minimum standards. It is necessary that vehicles be accessible to disabled individuals. The Tourism Development Commission requested that 15-minute frequency and extension of the route to Third Avenue also be included in the RFP.

Mr. Basha said the RFP includes alternatives. The first alternative would end the route at Third Avenue, while the second alternative would continue it to the light rail station. He estimated that the second alternative would exceed the \$270,000 budget by about

\$100,000. If a private party cannot supply vehicles and service that meets minimum expectations, the City would continue operating with City vehicles with 15-minute service on a route ending at Scottsdale Fashion Square (SFS) or 20-minute service on a route ending at Third Avenue. Fifteen-minute service to Third Avenue would require a seventh vehicle.

Mr. Basha presented four choices. The SCVB needs clear direction so they can begin producing route brochures. The first would be privately owned and operated 15-minute service to the light rail station, which staff feels is impossible. The second choice is privately owned and operated 15-minute service to Third Avenue. The third option would be publicly owned vehicles with 15-minute service ending at the SFS. The fourth choice is for publicly operated service extending to Third Avenue at 20-minute intervals. He noted that the Neighborhood Trolley and the Miller Road service operates at 30-minute service. Chairperson Scholefield asked whether trolley ridership dropped after the intervals were increased. Mr. Basha clarified that the downtown trolley used to have 10-minute service, but was decreased to 15-minute intervals a few years ago, which dropped ridership by 40%. In general, the greater the trolley frequency, the higher the ridership. The downtown trolley serves the Fashion Square. Extending the Day Tripper to Third Avenue would provide a second route into downtown with several shared transfer points to the downtown trolley.

In response to an inquiry from Commissioner Hill, Mr. Basha said the Transportation Department would like to see ridership numbers double or triple to 400 to 600 per day in order to justify the Day Tripper's existence. Commissioner Hill suggested moving the main transfer point to downtown, since most of the tourist activities are located there. Commissioner Bailey emphasized the importance of educating people about the Day Tripper service.

Commissioners Bailey, Enders, Hill, and Scholefield said they preferred 15-minute service, while Commissioners Hirose and McCreary indicated a preference for 20-minute service.

8. Event Development Program-Mega Events

Steve Geiogamah stated that staff has been working with the Event Working Group to evaluate the mega event criteria. He presented a proposed addition that would be applied on a case by case basis and would provide the flexibility to address mega events without restricting the definition too tightly.

COMMISSIONER ENDERS MOVED TO RECOMMEND THE PROGRAM CRITERIA AS PRESENTED. COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER GRUPP WAS ABSENT.

9. Identification of Future Agenda Items

Mr. Geiogamah said next agenda will have discussions on the group meeting proposal, final approval for the work session agenda, and an update on the Day Tripper.

10. Public Comment

None.

11. Adjournment

The meeting adjourned at 9:15 a.m.

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